

EXECUTIVE SUMMARY:

PROCESS OVERVIEW

In the Winter of 2001, the Herndon Cultural Arts Center Committee (HCACC2) selected the planning and design team of Wilson Butler Lodge Inc and AMS Planning and Research to conduct a feasibility study for a new ARTS CENTER to be built in or near the Town Center of Herndon, Virginia. The study set very clear goals. In short, the end goal was to define the very nature of a new arts center that was to fulfill the vision of the Town's leaders, civic patrons and those likely to use it the most and benefit the most. The effort that has created this report has defined the future Herndon Arts Center in many ways, and the answers to the following questions have been reached. How big will it be? What features will it contain? Where will it be built? How much will it cost to build? Who will run it? How much will it cost to run? And How might it be paid for? And then finally, what might it look like? Reaching all these answers was a deliberately methodical, cautious and patient process. Much time and energy was invested to let available options be carefully considered, compared and evaluated, to encourage and receive public input, and to answer questions with a broad spectrum of expertise. The answers to these questions are summarized below. In the pages that follow are the work products of the team of experts that assisted throughout the planning process.

ACKNOWLEDGEMENTS

In addition to the consulting team that is listed on the Title Page to this Report, and whose work is included hereafter, the work of the Herndon Cultural Arts Center Advisory Committee and its various subcommittees must be acknowledged. Under the leadership of Chairman Rick Thoesen (2002) and Ellen Kaminsky (2002-2003), our efforts have benefited from the committee vision and insight; their enthusiasm and dedication was contagious. Additionally, the daily guidance of town staff members Henry Bibber, Dana Heiberg, Kay Robertson, and Patsy Tappan has made the study period free of confusion, conflict and stress.

PLANNING PROCESS

This study began with a strategic planning notion that suggested a very broad perspective. All participants were encouraged to "dream the dream" and asked to suggest any and all alternatives. This phase of work was coined "Framing the Problem." These dreams and alternatives could then be evaluated, accepted, rejected or modified through a deliberate exploration of all considerations during the subsequent phase, "Narrowing the Possibilities". Once the critical decisions were reached that answered the questions, "What to build?," "Where to build it?," and "How much will it cost to build?," we focused our efforts on the final questions of "How to run the facility?," and "How much will it Cost to Run?" These efforts were our "Defining the Vision" Phase of work. These Answers now follow:

THE BUILDING PROGRAM *“What to Build?”*

After considering construction projects that were small, smaller, smallest, moderate, big and huge, the committee and the consultant team settled on a moderately-sized facility of 29,021 gross square feet. It contains 18,845 square feet of useable floor area* and features the following:

- A 275-seat “playhouse” theater with a 30’ x 60’ stage and a 30 foot high rigging loft.
- 4,670 square feet of lobby/ gallery areas that feature both panoramic windows over the Town and ample wall areas for visual arts display.
- A 100 seat (banquet style seating) Community Function Room
- A TV Broadcast/Recording Studio suitable for professional use by Herndon Community Television
- A Rehearsal Room 30 ft by 40 ft in size.



SITE SELECTION *“Where to Build It?”*

Eleven sites, each located within a two block radius of the Town Municipal Center and the Fortnightly Library, were evaluated for suitability. Criteria used to evaluate sites included physical size, ease of access, costs, proximity to parking, potential to generate synergy with other downtown activities, potential to encourage adjacent redevelopment, and public “curb appeal”. After narrowing the site selection options to two leading candidates, Site “JJ”, locally known as the “Hands Inc.” site, and Site “XX”, the present site of the Herndon Iron Works and the Moose Lodge, these two sites were put to further evaluation and technical scrutiny. Both sites were the subject of Phase 1 Environmental evaluations (searching for potential site contamination) and both sites were drilled for subsurface geotechnical evaluation (determining the soils suitability to support the proposed structures). After doing so, Site JJ was tested further for contamination. In March 2003, the Town of Herndon purchased Site JJ and an adjacent parcel south of Vine Street for the construction of the proposed Arts Center. These findings are included as Appendix D.

*the planning team used historical data from built projects to project the area required for stairwells, elevators, corridors, ventilation shafts, mechanical rooms, and electrical rooms. These areas are defined as non-useable areas and will comprise about 35% of the building area.

TOWN PLANNING/ AN ARTS CENTER IN A VILLAGE CONTEXT *“How will it fit in?”*

After the program for the building was determined and the site selected, the design team focused on two parallel conceptual design studies. The first of these was a master plan for the larger site area bounded by Elden Street to the south, Station Street to the east, the Municipal Center/ Fortnightly Library to the north, and Center Street to the west. The planning for this combination of Town-owned and privately-owned parcels considered both short term concerns and long term vision. Key considerations were:

- Defining a compatible relationship with the W&OD Trail that would encourage comfortable coexistence of recreational biking and pedestrian access across the NVRPA right of way
- Making provisions to continue the weekly activity of the traditional Thursday farmers' market
- Making provisions to continue special events and activities, including the Herndon Festival
- Providing ample parking for the Arts Center and for neighboring business and retail growth



The master plan demonstrates that with careful placement, orientation, and clearly conceived infrastructure (streets, parking, landscape), the proposed Arts Center completes an urban composition that is a unified whole: a town center that successfully mixes civic, educational, cultural, business and residential uses into a vibrant community. The synergy that these complementary uses create will become and remain the centerpiece of a vital and animated Town Center for the next century of Herndon's history.

CONCEPTUAL BUILDING DESIGN

Though architectural design and detailed planning has yet to begin, the design team was asked to prepare floor plans and conceptual renderings that would suggest “what the Arts Center might look like and how it might fit in with its civic, business and residential neighbors.” The resulting plans propose a two story structure that has 21,575 square feet on the lowest floor and 7,446 square feet on a second floor. The conceptual design does not anticipate any basement construction. On the ground level are the main auditorium, stage, principal lobby areas, scene shop, TV studio, and rehearsal room (no stairs or elevators to inhibit movement of pianos, scenery and stage equipment). On the upper levels are auditorium balcony seating, further lobby and gallery, and the Community Room. These upper areas have commanding views over the Town Green (to which they are connected by a bridge) and a new approach drive leading from Station Street to the “Front Door”. See Appendix B for detailed conceptual plans of the facility.



PROJECT CAPITAL COSTS

Throughout the study, cost estimators Daedalus Projects Inc.(DPI) prepared conceptual cost estimates to guide the committee on their planning decisions. After the conceptual design was completed, the design team worked with DPI to define likely building construction systems, materials appropriate to the site context and the building's expected long life, to build a construction budget model (see Appendix C.1 for scope drawing bases). During this effort, detailed theater equipment descriptions were also prepared and independent equipment budgets established. These are included in this report under Appendix C.3. The established budget for Construction Costs is summarized as follows:

Construction Costs ("bricks and sticks")	\$6,074,813
Design Contingency	\$607,481
Contractors General Conditions	
Overhead and Profit	\$902,110
SUBTOTAL	\$7,584,404
Escalation to an anticipated Bid Date of 1 st quarter 2005	\$379,220
TOTAL	\$7,963,624

In addition to this budget, we recommend that the Town carry an additional Construction Contingency of 7.5% (\$597,272)

PARKING AND RELATED DOWNTOWN INFRASTRUCTURE

The cost estimates do not include amounts for parking facilities, other than the small employee/cast parking lot near the loading area. It is envisioned that parking for the center will be developed as part of the Town's public shared parking program, which includes surface parking lots as well as a planned parking structure with a retail use on the street frontage. (See also the "block" Master Plan, Page 3) At least 106 spaces will be provided specifically for the arts center, based on a conservatively high parking requirement. Typical construction costs for parking are at least \$3,000 per space for surface parking and \$10,000 per space for structured parking.

Cost estimates were also provided for some of the other downtown infrastructure envisioned as part of the "block" Master Plan. While the construction cost estimate above for the arts center includes necessary costs for the street connecting to Center Street and the roundabout, other items on the Master Plan are not included. These items relate more strongly to the parking structure or the Town Green than to the arts center. As shown on the first page of Appendix C and on Page 7 of the Daedalus cost estimates, these estimates are:

Area 1 – Center street parking	\$185,900
Area 2 - New street connecting to Station Street	\$391,000
Area 3 - Pedestrian bridge and improvements on the W&OD Trail property (NVRPA)	\$350,000

OPERATIONS AND BUSINESS PLAN

The operating pro forma is the culmination of work that began in early 2002 with the gathering of data on Herndon's local performing arts and cultural organizations, and a subsequent recommendation on optimal theater seat count. The inputs of the operating model are based on data collected from potential constituent organizations, other local performing arts groups, comparable local, regional, and national facilities, and the input of the Committee and Town Staff.

The Center's proposed business plan is entirely dependent on earned revenues to offset 60% of the total expenses as required by the Town. This model does not assume that any particular entity (Town or Non-profit) is—or is not—operating the facility. This flexibility was a necessity based on the proposed transition from Town to Non-Profit governance made by the Committee (see also "Governance" below).

In the third year of facility operation (considered the "base" or "stable" year) we project total operating expenses of \$572,412, with revenues of \$348,972. The operating deficit of \$223,440 represents 39% of the Center's total budget.

OPERATING SUMMARY	Year 1	Year 2	Year 3	Year 4	Year 5
OPERATING REVENUES	\$250,731	\$298,713	\$348,972	\$359,441	\$370,224
OPERATING EXPENSES	\$525,258	\$547,835	\$572,412	\$589,584	\$607,272
RESULT OF OPERATIONS	\$(274,527)	\$(249,121)	\$(223,440)	\$(230,143)	\$(237,047)

The vast majority of revenues are derived from the rental of the Community Room, Theater, Lobby, Gallery, and Rehearsal Room spaces, with modest revenue realized through concession sales and a small ticket-printing fee. The operating model is most dependent on revenue from banquets and weddings during high-revenue weekend time slots. While use of the Theater will generate revenue, ultimately even the loss of the Center's resident theater company would not have as dramatic an impact on the bottom line as a 35% reduction in banquet rentals. For this reason, we urge the Town and Committee to be mindful of the level of amenities and quality of finish of the "community room" space, as it will be the primary revenue generating space.

SCHEDULE 3: REVENUE SUMMARY						
	Reference	Year 1	Year 2	Year 3	Year 4	Year 5
Facility Rental						
Theater	Utilization	\$54,588	\$67,697	\$82,492	\$84,966	\$87,515
Community Room	Utilization	\$127,500	\$146,672	\$163,909	\$168,826	\$173,891
Non-Performance Spaces	Utilization	\$18,910	\$24,875	\$32,188	\$33,153	\$34,148
Costs Recovered from Renters	Chargebacks	\$48,474	\$57,963	\$68,601	\$70,659	\$72,779
<i>Sub-Total, Facility Rental</i>		<i>\$249,471</i>	<i>\$297,207</i>	<i>\$347,189</i>	<i>\$357,605</i>	<i>\$368,333</i>
Other Operating Revenue						
Food/Beverage, Net	Concessions	\$1,260	\$1,507	\$1,783	\$1,836	\$1,891
<i>Sub-Total, Other Operating Revenue</i>		<i>\$1,260</i>	<i>\$1,507</i>	<i>\$1,783</i>	<i>\$1,836</i>	<i>\$1,891</i>
TOTAL OPERATING REVENUES		\$250,731	\$298,713	\$348,972	\$359,441	\$370,224

This model assumes minimal staffing and no programming activity by the Center itself. This was made necessary by the potential shift from town to nonprofit governance, and is also warranted given the anticipated high level of activity from existing local arts organizations. As such, the Center's staff is responsible for maintaining and operating the facility itself, but not for providing any of the content. It is anticipated that the Executive Director will be responsible for overall management of the Center, including marketing and rentals, program development, and fundraising, while the Building Manager will be responsible for the structure itself, from HVAC and grounds to theater equipment and maintenance. The Event / House manager will have the responsibility of direct oversight of all facility rentals and events, while the Receptionist / Office Manager / Booking Clerk will provide administrative support for the entire staff. It is assumed that in addition to four full-time staff members the Center will have a corps of part-time Stage and Technical Crew, Box Office Staff, Theater and Community Room Custodial Staff, and Security. Many of these positions' wages are offset by charges associated with theater and room rental.

GOVERNANCE

Prior to creation of the operating model, AMS and the HCAC underwent a governance workshop and presentation, which resulted in a governance recommendation. The committee was presented with a number of models to consider, including operation by the Town, operation by an existing non-profit cultural organization, operation by a new non-profit, or a hybrid model. (Commercial operation was ruled out as impractical given the scale of the proposed Center.)

The results of the meeting and recommendation suggested the formation of an independent 501(c)(3) non-profit organization to operate the facility, with the town taking responsibility for the maintenance and general upkeep of the building itself as well as the grounds. After further review the committee felt that while non-profit management might be the optimal destination, it was asking too much of a brand new organization to immediately begin operating a facility. It was also felt that the Town would be the proper operator of the new facility, allowing it the proper visibility and budgeting consideration in the opening seasons. Therefore, while the end goal of having the Center operated by a new non-profit organization was still held, the Committee felt that it would be best achieved as the conclusion of a multi-year transitional process that will begin with the Center's opening as a Town-operated facility.

The overall management structure of the Center as both a Town and 501(c)(3) operated facility is shown in the two attached organizational charts (see Appendix E.5).

FUNDRAISING

A fundraising feasibility assessment is currently ongoing. This task will fully evaluate opportunities to obtain capital and operating support for the project. This aspect of the project was delayed in order to allow for the creation, completion, and use of the facility's initial planning documents and operating forecasts in the fundraising study itself. Because the operating model is not dependent upon unearned revenue (either corporate or individual donations for annual operating support), the results of the fundraising feasibility study will not impact the annual operating projections.

CONCLUSION

Upon completion, the Cultural Arts Center will serve as the visual and performing arts centerpiece of the community; it will accommodate educational objectives, public outreach and private functions as well. The introduction of this facility will mark another cornerstone in the foundation of Herndon's growing Town Center, providing its citizens with a vibrant, vital and accessible destination.

Like many public facilities, the Arts Center must first be sustainable before it can thrive. To that end, the project's plan is grounded in fiscal responsibility by being modest in size and by balancing income-producing activities with non-profit community events. Furthermore, the plan anticipates the success and public popularity of the Arts Center, providing for expansion and, through the overall master plan, setting the strategy for stimulating the Town Center's business, retail, and residential growth.

FACILITY MISSION STATEMENT

The Herndon Cultural Arts Center (Arts Center) shall be a center of arts activity where individuals and groups come together in the Downtown to create, share, appreciate, explore and enjoy the arts. The Arts Center will serve as an important Downtown focal point, fostering growth and redevelopment throughout the community.

The Arts Center should include a studio theater designed to support drama, lecture, dance, and musical ensembles, with state of the art technical capabilities and audience seating for approximately 275 people. Support spaces should include dressing rooms, a green room, rehearsal space, scene shop, offices, broadcast studio, box office and an attractive lobby that is also useful for art exhibits or similar events.

The second major space in the Arts Center would be the community room and banquet hall. This room would include high quality finishes and accommodation for at least 100 seated patrons for weddings, acoustic performances, corporate functions, art exhibits and other functions. A catering kitchen and storage facilities would support the banquet hall. This room and its location would be unique in a number of respects, and it would not compete with larger convention and banquet facilities in area hotels.

(Adapted from earlier mission statements of the Herndon Cultural Arts Center Advisory Committee.)